

Message Text

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AMEMBASSY BELGRADE

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AMEMBASSY BUCHAREST

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E.O. 11652: N/A

TAGS: ENRG ETRD EFIN UR COMECOM EALR

SUBJECT: SOVIET OIL DELIVERIES TO CEMA COUNTRIES IN 1975

REF: A. BUDAPEST 270; B; MOSCOW 16787, 11/4/74

1. IN JANUARY 28 TASS VESTNIK INTERVIEW VICTOR
SLOVTSOV, VICE PRESIDENT OF SOYUZNEFTEXPORT, STATES
THAT CEMA COUNTRIES WILL RECEIVE 57.3 MILLION TONS
SOVIET OIL IN 1975. SLOVTSOV FURTHER CLAIMS EVERY
REASON TO EXPECT DELIVERIES WILL CONTINUE GROW IN
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FUTURE, SINCE CEMA PARTNERS HAVE QUOTE REPEATEDLY

EXPRESSED DESIRE FOR RATE OF GROWTH OF PURCHASES TO REMAIN HIGH UNQUOTE. PRICES OF SOVIET OIL, REPORTEDLY BEING SETTLED ON LONG-TERM BASIS, WILL REMAIN MUCH LOWER THAN WORLD MARKET PRICE, ACCORDING SLOVTSOV. RESULTANT STABLE SITUATION WILL GUARANTEE CONFIDENT, PLANNED DEVELOPMENT OF SOCIALIST COUNTRIES.

2. DELIVERIES SOVIET OIL ARE STIMULATING CREATION OF OIL REFINING AND PETRO-CHEMICAL INDUSTRY IN CEMA COUNTRIES, SLOVTSOV POINTS OUT, INCLUDING LARGE PLANTS IN GDR (SCHWEDT AM ODER) CZECHOSLOVAKIA (BRATISLAVA) AND POLAND (PLOCK). SLOVTSOV STATES THAT ABOUT 300 MILLION TONS OIL DELIVERED TO HUNGARY, GDR, POLAND AND CZECHOSLOVAKIA VIA FRIENDSHIP PIPE-LINE SINCE START-UP IN 1962 (DELIVERIES TO BULGARIA AND CUBA BY TANKER), AND REFERS TO COMBINATION OF "FRIENDSHIP" PIPELINE, "BROTHERHOOD" GAS PIPELINE AND "PEACE" ELECTRICITY NETWORK AS QUOTE RELIABLE FUEL-ENERGY BRIDGE UNQUOTE FOR SOCIALIST COUNTRIES.

3. COMMENT: FIGURE GIVEN BY SLOVTSOV SLIGHTLY HIGHER THAN PREVIOUS 50 MILLION TONS ESTIMATES. PROPOSED SOVIET PRICE REPORTED REFTEL A, WHICH EMBASSY CALCULATES AS \$6.73 PER BARREL AT CURRENT DOLLAR/RUBLE EXCHANGE RATE, OR ABOUT TWO-THIRDS WORLD MARKET PRICE. DOES NOT APPEAR INCONSISTENT WITH AVERAGING FORMULA REPORTED REFTEL B. EMBASSY NOTES THAT QTE CONCESSION UNQTE MENTIONED PARA 2 REFTEL A IS IN LINE WITH EARLIER REPORTED SOVIET OFFERS TO OTHER PURCHASERS (MOSCOW 11742, 26 SEPT 73). IF ACCEPTED BY HUNGARIANS, WOULD PRESUMABLY INVOLVE REPAYMENT TO SOVIETS THROUGH CEMA CHANNELS AND WOULD REQUIRE INCREASED SOVIET OIL PURCHASES FROM IRAQ. SUCH ARRANGEMENTS WOULD ALSO HELP TO BEGIN FREEING SOVIET PETROLEUM PRODUCTION FROM BURDEN OF SUPPLY TO OTHER EASTERN EUROPEAN COUNTRIES WHILE PRESERVING UNDIMINISHED SOVIET INFLUENCE OF HUNGARIAN OIL TRADE. MATLOCK

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